

The rise of India



Sanjay Julka
Club One Air

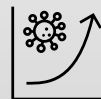


Nilesch Pattanayak
Bombardier

The Rise of India



- Economy on the rise
- Aviation on the rise
- Is the rate adequate : Concerns
- India addresses these concerns



Economy on the rise

- India overtakes China - 1.428 Bn
- GDP grew 8.7% in FY 2022
- PM Modi : India developed nation by 2047



Economy on the rise

The Economic Times



The Economic Times

<https://m.economictimes.com> > ... > Indicators

Indian millionaires count to grow 63% over next five years

24-Feb-2021 — India's billionaire count to increase to **162 by 2025** from 113 now; one out of five Indian ultra-high networth individuals planning to buy a ...

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Oxfam

Oxfam India's latest report which was released on the opening day of the World Economic Forum in Davos, Switzerland reveals that the total number of billionaires in India increased from 102 in 2020 to **166 billionaires in 2022**. 15-Jan-2023



Oxfam India

<https://www.oxfamindia.org> > News & Media

[Richest 21 Indian billionaires have more wealth than 700 ...](#)

Bob Sternfels, Mckinsey

What did McKinsey Bob Sternfels say about India?

McKinsey's global managing partner Bob Sternfels on December 5 asserted that **this is going to be not just India's decade, but India's century**, adding that India can play a leading role in 'reimagining globalisation' rather than decoupling. 05-Dec-2022

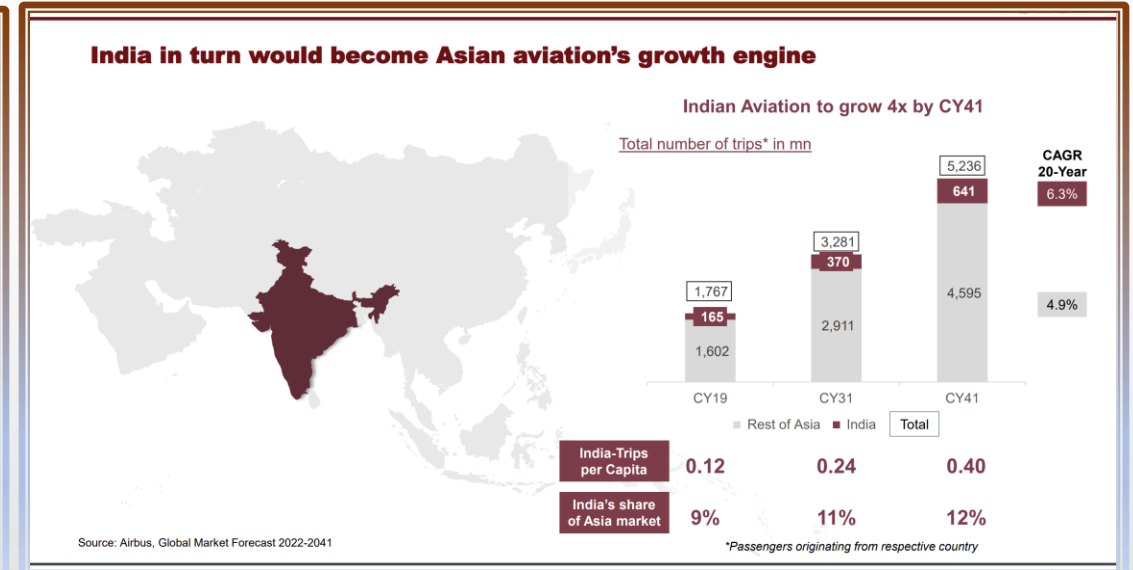
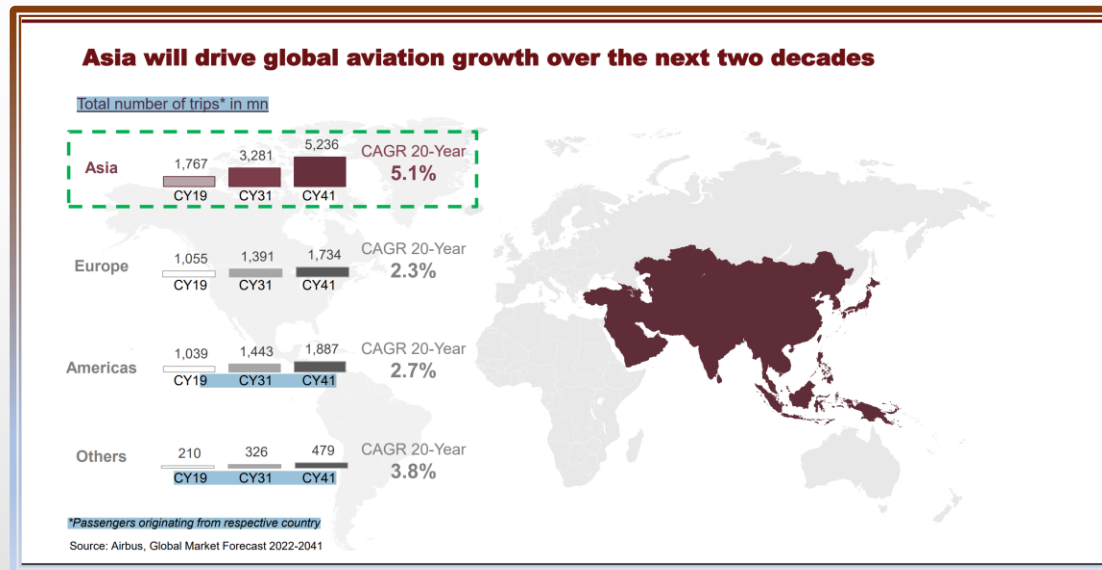


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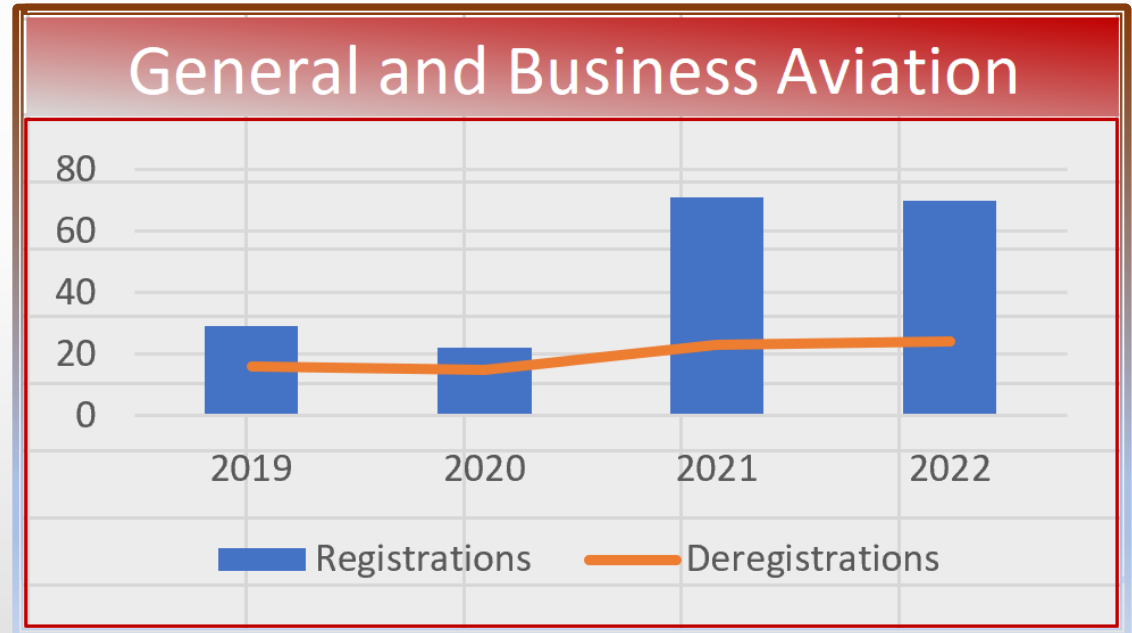
[India can play a leading role in 'reimagining globalisation'](#)

Aviation on the rise



Aviation on the rise

- World's fastest growing pax traffic
- Fourth Largest domestic aviation market, soon to become third
- 34.3% YOY growth aircraft movement. Biggest aviation investment opportunity in the world
- Out of 43110 new deliveries planned from 2020 to 2039, 17485 to be delivered to Asia Pacific region
- Corresponding increase in Business Aviation Aircraft and traffic



Is the rate of rise adequate ; Concerns



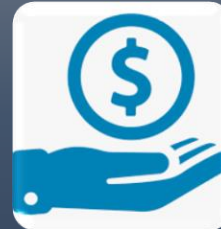
Infrastructure and Skilled Manpower



FDI Restrictions



Tax Environment



Leasing and Financing Environment



Regulatory Environment



Flight Safety Record

Infrastructure and Skilled Manpower: Airports

- Functional Airports. 74 (2014) to 140 (2022), incl 31 international. Next five years, >200
- 21 Green Field Airports approved. 11 already operational
- Balance : 11.8 Bn USD next four years : expansion and Greenfield projects
 - 7.5 Bn USD Private Sector
 - 4.3 Bn USD Government
 - Incl 10 water Aerodromes @ 40M USD in Assam, Andamans, Gujarat, Telangana and Andhra Pradesh



Infrastructure and skilled Manpower: Airport

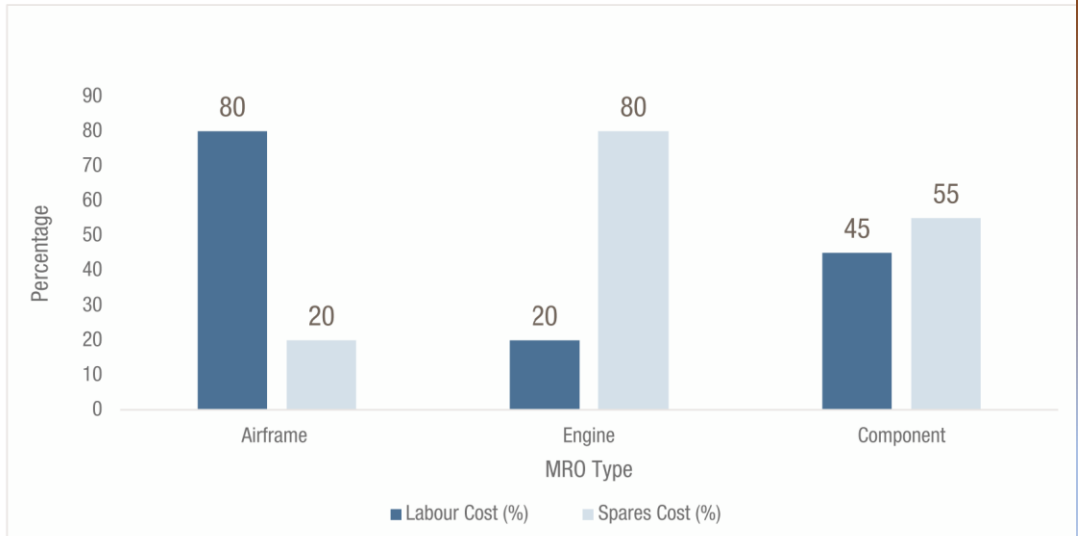
- Pax Facilitation
 - DIGI Yatra at Kolkata, Pune and Vijayawada
 - Separate GA Terminals – Mumbai, Delhi, Kochi and Ahmedabad



Infrastructure and skilled Manpower: MRO and manufacturing

- Low cost, English speaking technical manpower
- Skill Development for crucial jobs
 - Aviation Multi Skill Development Centre, Chandigarh
 - Aerospace and Aviation Skill Sector Council (AASC)
 - Scope for foreign skilling schools to participate
- Since 70% to 80% aircraft on lease, redelivery maintenance

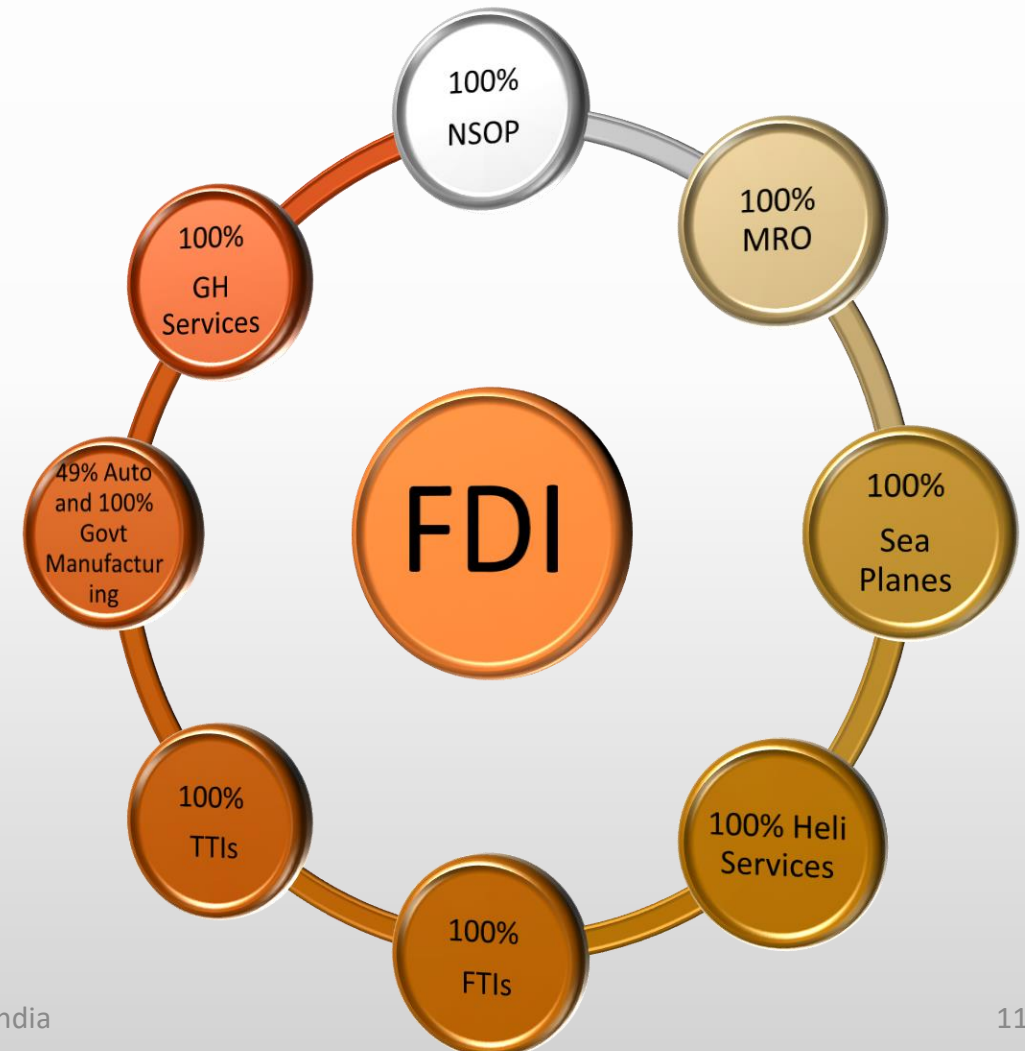
Figure 4 – Labour and Spares Cost Distribution of MRO Components



Source: FICCI

Infrastructure and skilled Manpower: MRO and manufacturing

- **Lower Taxes**
 - GST MRO services - 18% to 5% with ITC - 27 new MROs
 - MROs Sub-contracted by foreign OEMs and MROs - zero-rated GST
 - Waiving custom duty - tools, toolkits and spares
 - Foreign aircraft stay for maint – 1 to 6 months
 - 100% FDI via auto route
- **Lower Cost of Operations** – From now,
 - Land leasing through open tenders
 - Abolition of AAI's royalty
 - Land Allotment MRO: Incr from 3-5 years to 30 years
 - 11 Airports identified under DBOM model

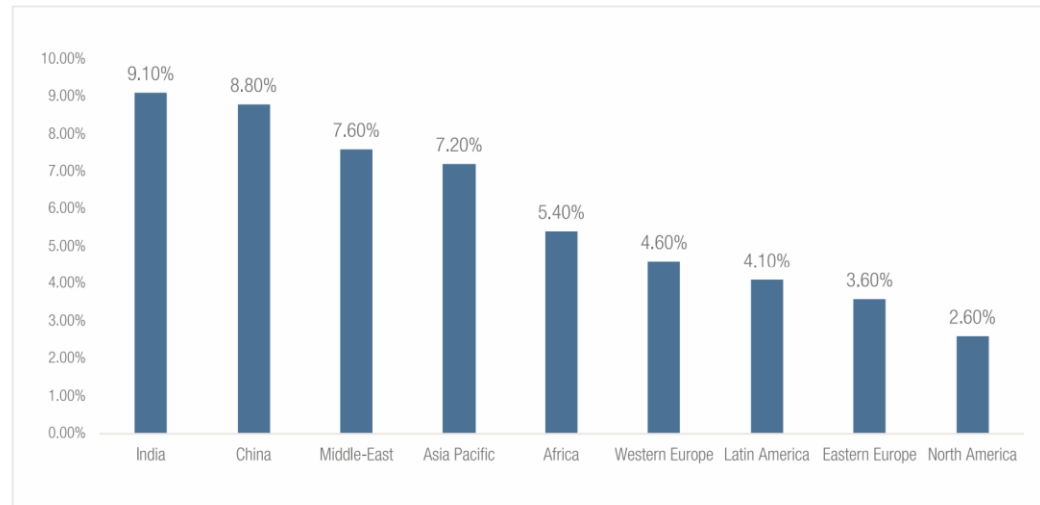


Infrastructure and skilled Manpower: MRO and manufacturing

- 140 MROs
 - 49 Stand Alone
 - 7 also Overhaul
 - Majority, FAA and EASA approvals
- With current order book, exponential rise expected
- Growth expected to be highest in the world
- Mergers and takeovers happening, more expected

Figure 2 – Fleet Size Distribution by Region

Figure 6 – Annual MRO Growth (in %) by Region for 2021-2031



Source: Oliver Wyman, 2021



Infrastructure and skilled Manpower: MRO and manufacturing...investments are already happening



- Conversion B-737 to freighter



- MRO – Two B-777 (VIP), IAF and P-81, IN
- Manufacturing plant, Hyderabad, Fuselage AH-64



- Four Year AME License Program



Infrastructure and skilled Manpower: MRO and manufacturing...investments are already happening



Infrastructure and skilled Manpower: MRO and manufacturing...investments are already happening



- With TATA's order, world's largest Trent XWB operator
- Supply Chain of Trent XWB and other RR engine components
- Engg services to support digital engg and data innovation teams



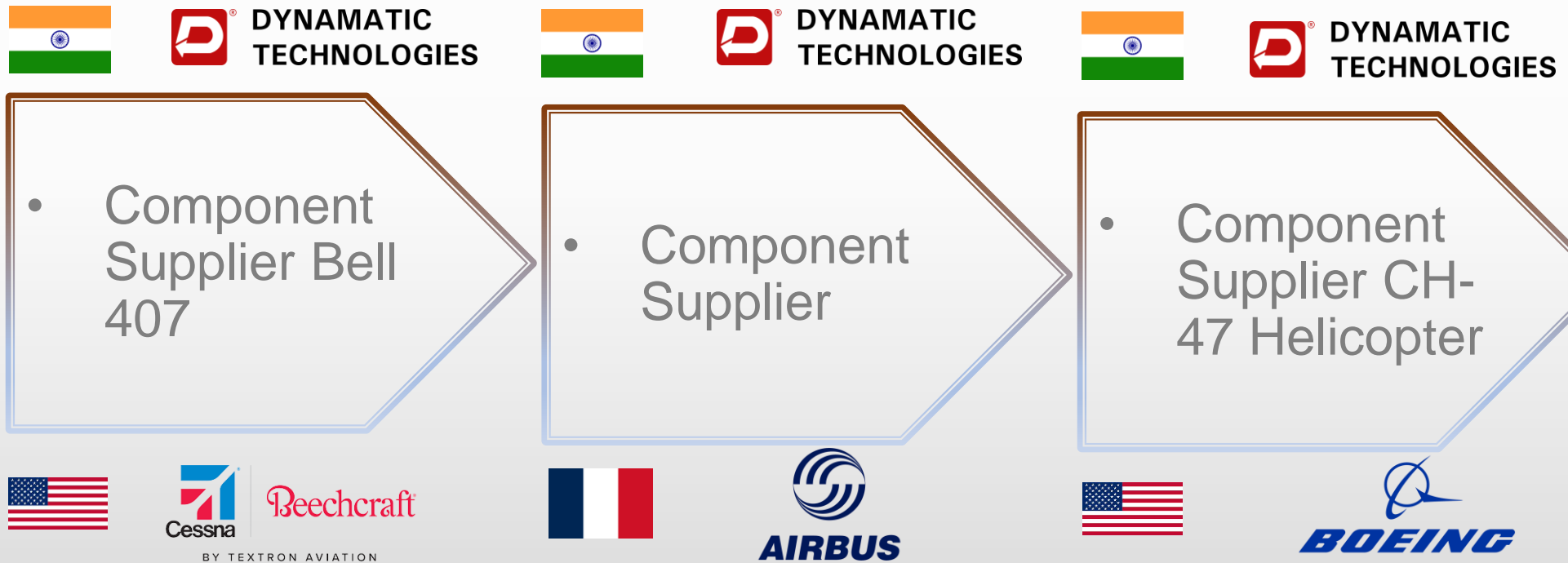
- Following Tata's 470 aircraft order, talks on manufacturing Sukhoi aircraft, renewed



- 3 Year Logistics contract



Infrastructure and skilled Manpower: MRO and manufacturing...investments are already happening



Infrastructure and skilled Manpower: MRO and manufacturing...investments are already happening



GE
Global Research

- Global Research center playing key role in developing GE9X, GEnx, and CFM Leap engines



- S 92 Cabins



Indamer
We Know Your Aircraft

- New Airframe MRO Facility, Nagpur



SIKORSKY
A LOCKHEED MARTIN COMPANY



AAR
Doing It Right

Infrastructure and skilled Manpower: MRO and manufacturing...investments are already happening



- Manufacturing plant, Vadodra – military aircraft



- Heavy maint center C-130J, first in Asia, 3rd largest in the world



- Rafael and Falcon 2000 component manufacture



Infrastructure and skilled Manpower: MRO and manufacturing....investments are already happening



- Dhruv, Cheetah, Chetak, Lancer, Cheetal, Rudra, LCH, LUH helicopters
- Hawk, LCA, Su-30, IJT, Do-228, HTT-40 fixed wing aircraft
- Future- IMRH, UAV, RUAV, SPORT
- Other products- power plants, avionics, systems and accessories
- Export of above
- Participating along with civil aviation in designing and manufacturing a 90 seater regional aircraft



- Opening its biggest MRO facility in Hyderabad



- Manufacturing unit in Bengaluru, exports components and software worth 1.14 Bn USD annually



Regulator and Flight Safety

- Flight Safety Record
- Recent Flight Safety Ratings by ICAO and FAA
- NCAP, 2016
- UDAN, to continue till 2026
- Krishi UDAN Scheme
- GIFT City , Aircraft Leasing
- Fractional Ownership - individual depreciation as well as provision of individual PGs and BGs
- National Green Aviation Policy
 - 90 Airports carbon neutral 2024, India's target 50% of its energy from renewable resources by 2030.
 - Aims to have GST reduced to 5% for SAF (current 14% to 32%)
 - Waive off Airport fee for flights using SAF



Gift City - The

BS Business Standard

Govt to allow fractional ownership of helicopters

The civil aviation ministry has decided to allow fractional ownership of helicopters to spur the growth of the sector.

10-Oct-2022



India is one of the fastest growing domestic aviation markets & is projected to become the world's 3rd largest air passenger market in 10 years. The civil aviation ministry will create a simplified regulatory regime to speed up clearances for airport development & other aviation projects.

www.msme.news



...ss jets and



In.Corp
Vision To Reality

Aviation Financing : Most Crucial Key to achieve desired growth

- Size of Global aircraft leasing market – 290.07 Bn USD. 25%(2000) to 53% (2023)
- 80% Indian airliner aircraft leased (Global 53%). High domestic interest rates, could be one of the reasons
- Majorly from Ireland, DTAT
- GIFT (Gujarat International Finance Tec) City, Ahmedabad to promote Aircraft Leasing
 - Important to meet the demand of airliners, as well as, General Aviation
 - Tax benefits given to better Irish leasing terms

Gift City : The New Hub For Indian Aircraft Leasing And Financing



GIFT City Leasing : Recent Changes to further attract Leasing Business

- Aggressive approach by Indian Aviation Industry
- Ratification of CTC and effective implementation of IDERA
- Airport Charges – 3 months CAP
- GST – Forward Charge
- Insolvency
 - Recent case of Jet Airways, testimony
 - Government to soon validate all clauses of CTC
 - NY or English laws possible
 - Even today, better handled from GIFT
- Low cost Asset management Companies having easy access to records and aircraft
- Payment of lease rentals through Escrow ensuring lessors and financiers paid first
- Now GIFT City allowed to form SPVs and no longer required to maintain offices and manpower
- WIP - Banks being earmarked for aircraft financing. All Indian and foreign banks being encouraged
- 16 Companies registered. 26 leases including foreign lessees. Interest by international leasing Companies
- Remember – Tax benefits only if Company registered before 2024

Conclusion

- The Rise of India is “ON”.
- Investments by Foreigners already happening.
- Time for more conservative and safe investors to now come in. Its now, near perfect environment though there is still some WIP.
- Some of the sectors still open for first movers advantage :-
 - East and North East India is void of aviation growth
 - Aircraft Management Companies like Netjets and Vistajets in General Aviation incl exploiting forthcoming Fr Ownership policy. Upwards of 100h per month recorded by some domestic charter planes.
 - Seaplane operations are almost non existent.
 - Training Companies, both ground and flying.
 - MRO sector , biggest potential in the world. Engine and Heavy component overhauls.
 - OEMs : Assembly Lines, completion centers.
 - Financing and Leasing Business – Stage now set